



MEMORANDUM

Date: July 18, 2023

File No.: 3179

To: Karla Nemeth, Director
California Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236-0001

From: **Department of General Services**
Office of Audit Services

Subject: QUALITY CONTROL REVIEW OF CONTRACT APPROVAL EXEMPTION AUDIT

This report presents the results of our quality control review of an internal audit conducted of the California Department of Water Resources' (DWR) contracting program. The audit was conducted by DWR's Internal Audit Office (IAO).

As a condition of DWR's exemption (Exemption Letter No. DWR 2) from the Department of General Services' (DGS) approval of its contracts under \$150,000, two audits are required to be performed of the department's contracting program during the exemption period of July 1, 2019, through June 30, 2023. On April 27, 2023, the IAO issued an audit report which presented the results of the second audit required under the terms of the exemption. Public Contract Code Section 10352 requires DGS to perform a quality control review of the audit.

The objectives of our quality control review were to determine: (1) if the internal audit was conducted in accordance with an audit guide issued by DGS; and, (2) if reported findings are being appropriately addressed by DWR's management. Based on our interviews of audit staff and review of the working papers prepared to support audit tests, and our performance of other procedures as deemed necessary, we concluded that the audit was conducted in accordance with DGS' audit guide and that management indicated a commitment to take appropriate actions to address reported findings.

We greatly appreciated the cooperation and assistance provided by DWR's audit staff.

If you need further information on or assistance with this report, please contact me at (916) 376-5058, or Dennis Miras, Audit Manager, at (916) 376-5064.



ANDY WON

Deputy Director, Office of Audit Services

cc: Cindy Messer, Lead Deputy Director, DWR
Stephanie Varrelman, Deputy Director, Business Operations, DWR
Mabel Lun, Manager, Internal Audit Office, DWR
Christine Ciccotti, Chief Counsel and Deputy Director, Office of Legal Services, DGS